NADCO Members,

Information is coming from many sources regarding the CARES Act, including what action CDCs and borrowers should take regarding their payments and/or deferments in process. In an attempt to curb the spread of misinformation, NADCO will continue to provide accurate information provided by our regulators and legislators as it becomes available. Please look for official NADCO communications and reference the NADCO website throughout the next few days and weeks for updates.

NADCO has been in regular communication with both SBA and the Senate Small Business Committee as to the status of April 1 payments. SBA is focusing on the roll out of the PPP (Payroll Protection Program) as it is considered critical to economic recovery. With resources stretched, SBA has not been able to respond to NADCO’s questions about the April 1 loan payments for the 504 loans in regular servicing. The facts that NADCO has are:

1. The CARES Act specifically states that SBA is to make the loan payments for six months on 504 loans in regular servicing and not on deferment beginning with the first payment due after the enactment (i.e., April 1). Those 504 loans on deferment on the date of enactment of the CARES Act will receive the loan payments for six months after the deferment ends.

2. SBA must make those payments NO LATER THAN 30 days after the date on which the first payment is due. The first payment is due April 1, thus SBA has until April 30 to make the payments on behalf of 504 borrowers.

NADCO realizes that this information does not provide you or your borrowers with comfort as to how to handle the April 1 ACH payments. We are hopeful of getting a response through the Senate Small Business Committee and will provide any information we receive as quickly as possible.

Stay safe,

Rhonda Pointon
President & CEO